



# LONDON & COMPANY, LLC

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Connecticut Forest and Park Association, Inc.  
16 Meriden Road  
Rockfall, Connecticut 06481

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Connecticut Forest and Park Association, Inc. (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2020, and related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures, in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Forest and Park Association, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Connecticut Forest and Park Association, Inc.'s financial statements as of and for the year ended December 31, 2019 and we expressed an unmodified audit opinion on those financial statements in our report dated October 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Respectfully submitted,

***London & Company, LLC***

London & Company, LLC  
Certified Public Accountants  
September 29, 2021

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

I. Independent Auditors' Report.

II. Financial Statements:

Exhibit A - Comparative Statement of Financial Position as of December 31, 2020 and December 31, 2019.

Exhibit B - Statement of Activities and Changes in Net Assets for the Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019.

Exhibit C - Statement of Functional Expenses for the Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019.

Exhibit D - Comparative Statement of Cash Flows for the Years Ended December 31, 2020 and December 31, 2019.

Notes to Financial Statements.

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
COMPARATIVE STATEMENT OF FINANCIAL POSITION

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>A S S E T S</u>		
<u>Current Assets:</u>		
Cash	\$ 158,362	\$ 114,128
Restricted cash	-	3,752
Contributions and grants receivable	8,150	23,172
Prepaid expenses	9,152	15,713
Inventory	18,490	30,711
Total Current Assets	<u>194,154</u>	<u>187,476</u>
<u>Property and Equipment:</u>	851,281	851,281
Less: Accumulated depreciation	<u>583,020</u>	<u>566,271</u>
Cost Less Accumulated Depreciation	<u>268,261</u>	<u>285,010</u>
<u>Other Assets:</u>		
Investments	5,308,491	3,662,039
Land held for conservation	1,206,726	1,206,726
Beneficial interests in split-interest agreements	214,915	197,974
Total Other Assets	<u>6,730,132</u>	<u>5,066,739</u>
<u>TOTAL ASSETS</u>	<u>\$ 7,192,547</u>	<u>\$ 5,539,225</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts payable	\$ 24,724	\$ 14,838
Deferred compensation payable	-	16,971
Accrued wages and vacation	-	8,816
Accrued pension	13,086	13,931
Refundable advances	10,000	-
Sales tax payable	240	111
Total Current Liabilities	<u>48,050</u>	<u>54,667</u>
<u>Long-Term Liability:</u>		
Deferred compensation payable	<u>-</u>	<u>172,798</u>
<u>Net Assets:</u>		
Without donor restrictions	4,669,672	2,837,381
With donor restrictions	2,474,825	2,474,379
Total Net Assets	<u>7,144,497</u>	<u>5,311,760</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 7,192,547</u>	<u>\$ 5,539,225</u>

See Accompanying Notes

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020,  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u> 2020	2019
<u>Revenue and Other Support:</u>				
Legacies, bequests and donations	\$ 1,555,491	\$ -	\$ 1,555,491	\$ 375,868
Grants and contributions	393,449	446	393,895	413,420
Investment income	128,635	-	128,635	93,238
Special events and programs	44,114	-	44,114	80,724
Publications	26,274	-	26,274	17,325
Administrative fees and other services	3,497	-	3,497	2,889
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Revenue and Other Support</u>	<u>2,151,460</u>	<u>446</u>	<u>2,151,906</u>	<u>983,464</u>
<u>Expenses:</u>				
Programs	815,873	-	815,873	978,733
Management and general	93,520	-	93,520	94,906
Fundraising	<u>103,091</u>	<u>-</u>	<u>103,091</u>	<u>88,739</u>
<u>Total Expenses</u>	<u>1,012,484</u>	<u>-</u>	<u>1,012,484</u>	<u>1,162,378</u>
<u>Changes in Net Assets from Operations</u>	<u>1,138,976</u>	<u>446</u>	<u>1,139,422</u>	<u>( 178,914)</u>
<u>Non Operating Income (Loss):</u>				
Deferred compensation debt canceled	172,798	-	172,798	-
Realized gains and (losses)	92,133	-	92,133	34,387
Unrealized gains and (losses)	411,442	-	411,442	522,017
Change in split-interest agreements	<u>16,942</u>	<u>-</u>	<u>16,942</u>	<u>21,664</u>
<u>Total Non-Operating Income (Loss)</u>	<u>693,315</u>	<u>-</u>	<u>693,315</u>	<u>578,068</u>
<u>Changes in Net Assets</u>	1,832,291	446	1,832,737	399,154
<u>Net Assets - Beginning</u>	<u>2,837,381</u>	<u>2,474,379</u>	<u>5,311,760</u>	<u>4,912,606</u>
<u>Net Assets - Ending</u>	\$ <u>4,669,672</u>	\$ <u>2,474,825</u>	\$ <u>7,144,497</u>	\$ <u>5,311,760</u>

See Accompanying Notes

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020,  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Programs</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>2020</u>	<u>Total</u> <u>2019</u>
Salaries	\$ 358,952	\$ 47,153	60,121	\$ 466,226	\$ 523,919
Fringe benefits	64,193	6,391	2,941	73,525	71,008
Payroll taxes	29,341	3,876	4,810	38,027	43,076
Total Salaries and Related Expenses	<u>452,486</u>	<u>57,420</u>	<u>67,872</u>	<u>577,778</u>	<u>638,003</u>
Maintenance - facilities	13,043	1,290	-	14,333	22,298
Materials and supplies	27,834	568	-	28,402	52,597
Postage and shipping	4,960	732	2,439	8,131	9,192
Telephone and utilities	11,494	1,137	-	12,631	12,434
Pass through grants	39,000	-	-	39,000	21,000
Outside services	83,787	-	6,089	89,876	121,868
Investment management fees	-	20,606	-	20,606	18,955
Education expenses	4,879	-	-	4,879	11,448
Office supplies	2,318	242	135	2,695	6,881
Land expense	20,149	-	-	20,149	404
Development expenses	-	-	17,480	17,480	11,986
Printing	32,842	683	636	34,161	31,789
Professional fees	21,508	2,127	-	23,635	25,981
Insurance	17,861	1,766	-	19,627	17,516
Special events and conferences	19,314	-	-	19,314	64,615
Travel	4,245	466	466	5,177	17,730
Professional development	1,338	-	-	1,338	5,015
Cost of publications sold	1,319	-	-	1,319	5,159
Website expenses	24,056	3,049	6,776	33,881	19,937
Copier lease	3,004	314	175	3,493	4,572
Computer supplies	4,221	469	521	5,211	4,797
Bank fees	3,088	305	-	3,393	2,880
Dues and subscriptions	2,211	219	-	2,430	2,857
Payroll service	772	85	-	857	969
Deferred compensation	5,404	535	-	5,939	13,485
Total Expenses Before Depreciation	<u>801,133</u>	<u>92,013</u>	<u>102,589</u>	<u>995,735</u>	<u>1,144,368</u>
Depreciation	14,740	1,507	502	16,749	18,010
<u>Total Expenses</u>	<u>\$ 815,873</u>	<u>\$ 93,520</u>	<u>\$ 103,091</u>	<u>\$ 1,012,484</u>	<u>\$ 1,162,378</u>

See Accompanying Notes

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
COMPARATIVE STATEMENT OF CASH FLOWS  
Increase (Decrease) in Cash

	For the Years Ended	
	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 1,832,737	\$ 399,154
Adjustments to reconcile excess of support over expenses to net cash provided by operating activities:		
Depreciation	16,749	18,010
Realized and unrealized (gains) losses	( 503,575)	( 556,404)
Change in value of split-interest agreements	( 16,941)	( 21,664)
Cost of publications	1,319	5,159
Changes in assets and liabilities:		
Increase Decrease in Assets and Liabilities:		
Contributions and grants receivable	15,022	( 12,193)
Prepaid expenses	6,561	( 1,007)
Inventory	12,221	212
Accounts payable	9,886	4,027
Accrued wages	( 8,816)	( 3,510)
Deferred compensation	( 189,769)	( 32,334)
Refundable advance	10,000	-
Accrued pension	( 845)	( 1,430)
Sales tax payable	129	( 79)
Total Adjustments	( 648,059)	( 601,213)
Net Cash Provided By (Used In) Operating Activities	1,184,678	( 202,059)
<u>Cash Flows Used In Investing Activities:</u>		
Proceeds from sale of investments	1,132,435	272,832
Purchase of investments	( 2,276,631)	( 97,045)
From (to) restricted cash	3,752	( 3,354)
Capital expenditures	-	( 3,900)
Net Cash Provided By (Used In) Investing Activities	( 1,140,444)	168,533
<u>Net Increase (Decrease) in Cash</u>	44,234	( 33,526)
<u>Cash at the Beginning of Year</u>	114,128	147,654
<u>Cash at End of Year</u>	\$ 158,362	\$ 114,128
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

See Accompanying Notes

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization:

Connecticut Forest and Park Association, Inc. (the "Association") incorporated in 1928, was originally established as the Connecticut Forestry Association in 1895 to safeguard the state's declining natural resources. Connecticut Forest and Park Association, Inc. has worked for a century to preserve and enhance the state's natural environment and to provide forests, parks, and recreation areas for public use and enjoyment. Its current programs include:

**Land Conservation and Trail Stewardship:** The Association is instrumental in preserving, acquiring and promoting the proper management of the state's public and private forests and open-space lands. In cooperation with public and private landowners and volunteers, the Association maintains the 825-mile Blue Blazed Hiking Trail System.

**Education:** Members are encouraged to participate in a series of teacher workshops, environmental lectures and other events encompassing many aspects of land and water conservation and quality. The Association publishes a variety of books and pamphlets pertaining to forest conservation.

Note 2 - Accounting Policies:

Comparative Totals

The financial statements include prior-year summarized comparative information in total, however, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the entity's financial statements for the year ended December 31, 2019 from which the summarized information was derived.

Depreciation

The total cost and related accumulated depreciation, for the years ended December 31, 2020 and 2019, are as follows:

<u>Type</u>	<u>2020</u>	<u>2019</u>	<u>Useful Life</u>
Land – Middlefield, CT	\$ 80,000	\$ 80,000	-
Building and improvements	674,205	674,205	20 to 40 years
Computer equipment	44,078	44,078	5 years
Furniture, fixtures & equipment	<u>52,998</u>	<u>52,998</u>	7 to 10 years
Total	851,281	851,281	
Less: Accumulated depreciation	<u>583,020</u>	<u>566,271</u>	
Cost less accumulated depreciation	<u>\$ 268,261</u>	<u>\$285,010</u>	



CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

Note 2 - Accounting Policies: (Continued)

Depreciation –(continued)

The Association capitalizes, at cost, all expenditures for equipment and improvements in excess of \$1,000. Depreciation expense for the years ended December 31, 2020 and 2019 was \$16,749 and \$18,010, respectively

Use of Estimates

Preparing financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimates relate to the valuations of the beneficial interests in split-interest agreements and planned-giving arrangements, land donations, conservation easements and allocations of investment income.

Donated Materials and Services

Connecticut Forest and Park Association, Inc. receives, at times, donated materials and volunteer assistance from various sources. The Association receives donated services from a variety of unpaid volunteers assisting the Association in the preservation and upkeep of hiking trails and other programs. There were approximately 250 volunteers contributing approximately 30,000 hours for the year ended December 31, 2020 and 2019. The donated materials are reflected as contributions in the accompanying statements at their estimated values at the date of their receipt. No amounts for volunteer assistance were recognized in the statement of activities because the criteria for recognition were not satisfied.

Tax Status

The Association is a Connecticut not-for-profit voluntary health and welfare agency exempt from income tax under Section 501(c) (3) of the U. S. Internal Revenue Code. In addition, Connecticut Forest and Park Association, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2020 and 2019. The information returns of the Association are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Revenue Recognition:

Contributions, which include unconditional promises to give, are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor. Product revenue, which principally arises from sales of various books and publications, is recognized upon delivery of the product to the customer.

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

Note 2 - Accounting Policies: (Continued)  
Basis of Presentation –(continued)

The accompanying financial statements of the Association have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

**Without donor restrictions:** Net assets that are not subject to donor-imposed stipulations.

**With donor restrictions:** Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as Net Assets Released from Restrictions. Certain restricted contributions received during the year are included in unrestricted net assets if donor impose conditions are satisfied during the year.

**Conservation Restrictions and Easements**

The Association has received numerous donations of conservation restrictions, development rights and easements. These restrictions and easements generally provide that the land will be maintained unimpaired in its current natural, agricultural, scenic or recreational state. Management is uncertain about the existence of any value due to the obligations inherent in ownership and a limited resale market. They have adopted a policy of not capitalizing the donations and accordingly, they are not reflected in the accompanying financial statements. The Association records conservation restrictions and easements at cost, if purchased.

**Endowment Fund**

The Association's endowment consists of various investments established for a variety of purposes. Its endowment includes unrestricted funds, donor-restricted funds and funds designated by the Board of Directors to function as endowments. Generally Accepted Accounting Principles provides guidance on the net asset classification of unrestricted, donor-restricted and board designated endowment funds for a non-profit organization. The Association follows the Uniform Prudent Management of Institutional Funds Act ("UPMIFA) as adopted by the State of Connecticut in 2007. Based on its interpretations of the provisions of UPMIFA, the Association is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and in doing so consider a number of factors including the duration and preservation of its donor-restricted endowment funds.

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

Note 2 - Accounting Policies: (Continued)

Endowment Fund

The Association's endowment includes both donor-restricted and unrestricted investments. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions. The Association classifies as donor restricted net assets the original value of gifts donated to the endowment and any other necessary accumulations made in accordance with the direction of the gift instrument.

The remaining portion of the endowment fund that is not classified as donor restricted net assets are classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Association Board of Directors.

The Association's spending for expenditures is based upon the Board of Directors' approved spending rate determined in accordance with its Total Rate of Return Expenditure Policy (Policy). The policy generally determines spending by applying a percentage rate to a three year rolling average of fair market values of part of its endowment. The percentage rate varies from 4.0% to 5.5%. The Board of Directors continues to examine the limit on spending.

The Association has adopted investment and spending policies for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the Association's long-term spending needs adjusted for inflation while assuming a moderate level of investment risk. To satisfy this objective, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity investments to achieve its long-term return objectives within prudent risk constraints.

Note 3 - Cash and Cash Equivalents:

The Association considers all highly liquid investments that are readily convertible into cash within ninety (90) days to be cash equivalents. Cash equivalents consisted of various money market mutual funds of \$20,427 and \$24,081 at December 31, 2020 and 2019, respectively.

Note 4 - Functional Allocation of Expenses:

The costs of providing the Association's various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

Note 5 - Concentration of Revenue:

For the years ended December 31, 2020 and 2019, the Association received approximately 10% and 30% respectively, of its total support from government grants. For the year ended December 31, 2020, the Association received approximately 52% of its total support from a one-time bequest.

Note 6 - Planned Giving Investments:

Planned giving donations are contained within the general assets of the Association and reflected at fair market value on the date of donation. The Association utilizes an IRS-approved annuity table to actuarially calculate the liability associated with the estimated lead payments where the Organization is the trustee. The Association determines the discount rate to be used in the month the planned giving arrangements are entered into with the donors. The present value of the actuarially determined liability resulting from the gift is recorded at the date of the gift. The remaining portion of the gift is recorded as unrestricted or temporarily restricted revenues based upon the donor's instructions.

Note 7 - Planned Giving Payable:

The Association has entered into a charitable Gift Annuity Agreement whereby originally receiving a gift of \$28,988 in June 2007. The Association is obligated to pay an annual annuity of \$2,317 over their deemed life.

Note 8 - Inventory:

Inventories are stated at the lower of cost or market. Cost includes direct and indirect costs in producing the Association's two editions of the Connecticut Walk Book and other ancillary publications.

Note 9 - Evaluation of Subsequent Events:

Management has evaluated subsequent events through September 29 2021, the date which the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. Given regulatory restrictions since the outbreak was announced, the situation creates uncertainty about the impact on future revenues that might be generated or expenses incurred. Due to the unknown duration and extent of the outbreak, the Organization is unable to determine the impact it might have on future operations and financial performance.

In April 2020, the Organization received a \$99,560 payroll protection program loan related to the CARES Act. The Organization received forgiveness of the total loan.

Note 10 - Retirement Plan:

The Organization established a 403(b) retirement plan, effective November 1, 2002. Eligible participants include full-time and part-time employees who have completed employment requirements. For the year ended December 31, 2020 and 2019, the Organization contributed \$13,086 and \$13,931, respectively, to qualified employees based on a percentage of the respective employee's annual compensation. These plan contributions are in the Statement of Functional Expenses (Exhibit C), included within the "Fringe Benefits" line.

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

Note 11 - Land Held for Conservation:

The Association records land at cost, if purchased or at fair value at the date of acquisition, if all or part of the land was received as a donation. Fair value is generally determined by appraisal.

The Association has received and or acquired the following real estate:

<u>Location</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
153 acres, Durham, CT	\$ 584,000	\$ 584,000
38 acres, Eastford, CT	65,000	65,000
85 acres, Lebanon, CT	169,226	169,226
7 acres, Haddam, CT	146,400	146,400
13 acres, Eastford, CT	45,000	45,000
43 acres, North Stonington, CT	<u>197,100</u>	<u>197,100</u>
Total	\$ <u>1,206,726</u>	\$ <u>1,206,726</u>

As of December 31, 2020, the Association holds conservation easements on a total of 1,854 acres across Connecticut. The conservation easements have not been reflected in the financial statements as either an asset or liability.

Note 12 - Post Retirement Benefits and Restricted Cash:

On December 27, 2000, the Association adopted a Non-Qualified Salary Continuation Agreement with its Executive Director. The sum of \$535,000 was transferred to a Management Benefit Irrevocable Trust, a "Rabbi Trust." The fair market of the Rabbi Trust at December 31, 2020 and 2019 is \$0 and \$3,752, respectively. The retirement benefit is \$35,000 per year and thereafter increased annually for inflation based upon the indicator utilized by the United States Government to increase Social Security benefits. The benefit will be paid for the greater of ten years or the participant's life. Installments commenced January 1, 2001. The payments stopped in July 2020. The discounted present value of the Association's obligation at January 1, 2001 was determined to be \$391,226. During the years ended December 31, 2020 and 2019, \$26,726 and \$45,819, respectively was paid and is reflected in the accompanying financial statements as deferred compensation of \$5,939 and \$13,485 and principal reduction of \$20,787 and \$32,334, respectively. Contained within the Trust are cash equivalents of \$0 and \$3,752 as of December 31, 2020 and 2019, respectively.

Note 13 - Beneficial Interests in Split-Interest Agreements:

The Association's split-interest agreements with donors consist of interests in charitable remainder annuity trusts and a charitable lead annuity trust. The fair values of the contributions from these agreements have been estimated and recorded based upon the fair value of the trust assets held by third party trustees, adjusted for the present value of the payments expected to be made first to other beneficiaries. The adjusted payout rates to the beneficiaries vary from net income to five percent and the expected growth rate utilized is three percent.

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

Note 14 - Investments:

The Association's investments consist of the following at December 31, 2020 and 2019:

<u>Description</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Common stock mutual funds	\$ 3,691,469	\$ 2,500,183
Corporate bonds and bond funds	<u>1,617,022</u>	<u>1,161,856</u>
Total	\$ <u>5,308,491</u>	\$ <u>3,662,039</u>

The following describes the hierarchy of inputs to measure fair value and the primary valuation methodologies used by the association for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for the substantially the same assets or liabilities.

Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table presents the financial instruments carried at fair value as of December 31, 2020, based on the valuation hierarchy defined above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Investments:</u>				
Stock Mutual Funds	\$ 3,691,469	-	-	\$ 3,691,469
Bond Mutual Funds	<u>1,617,022</u>	<u>-</u>	<u>-</u>	<u>1,617,022</u>
Total	\$ <u>5,308,491</u>	<u>-</u>	<u>-</u>	\$ <u>5,308,491</u>

Investment advisory fees for the years ended December 31, 2020 and 2019 were \$20,606 and \$18,955, respectively.

Note 15 - Fiscal Sponsor:

The Connecticut Forest & Park Association serves as the 501(c)3 fiscal sponsor for the Friends of Goodwin Forest (FGF). The financial statements totals for assets, liabilities, revenues, and expenses reflect funds held in furtherance of CFPA's mission for purposes of the FGF.

CONNECTICUT FOREST AND PARK ASSOCIATION, INC.  
ROCKFALL, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

Note 16 - Liquidity and Availability of Financial Assets:

The Association is funded by contributions from donors that contain restrictions. Those restrictions require that resources be used in a certain manner or in a future period. Therefore, the Association must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditures within one year. The Association has approximately \$5,466,853 of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures, consisting of cash of \$158,362 and investments of \$5,308,491. \$2,474,825 of the financial assets are funds subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. As part of liquidity management, the Association structures its financial assets to be available as general expenditures, liabilities and other obligations become due. The Association also invests its cash in excess of its daily needs in short and long term investments.